

This Listing Statement is compiled by the Exchange from documents filed by the Company in making application for listing. It is issued for the information of members, member firms and member corporations of the Exchange. It is not and is not to be construed as a prospectus. The Exchange has received no consideration in connection with the issue of this Listing Statement other than the customary listing fee. The documents referred to above are open for inspection at the general office of the Exchange.

LISTING STATEMENT No. 2285.

LISTED MARCH 20, 1968.
578,500 Common Shares without par value,
of which 182,450 shares are subject
to issuance.
Stock Symbol "CJD".
Dial Quotation No. 1751.
Post Section 1.2.

THE TORONTO STOCK EXCHANGE

LISTING STATEMENT

J. D. CARRIER SHOE CO. LIMITED

Incorporated under the laws of the Province of Ontario
by Letters Patent of Incorporation dated the 30th day of June, 1944.

CAPITALIZATION AS AT JANUARY 20TH, 1968

SHARE CAPITAL	AUTHORIZED	ISSUED AND OUTSTANDING	TO BE LISTED
Common Shares without par value as at January 20th, 1968	1,000,000	396,050	578,500*
Common Share purchase warrants	100,000	96,000	
Funded Debt: 6¾ % Convertible Sinking Fund Debentures Series "A" due September 30th, 1980	500,000	265,800	

* NOTE: As indicated, 396,050 common shares are now issued and outstanding. A further 66,450 common shares are subject to issuance in the event of conversion of the presently outstanding convertible debentures. A further 96,000 common shares are subject to issuance in the event of the exercise of the presently outstanding common share purchase warrants. In addition a further 20,000 common shares are subject to issuance in the event of the exercise of options which may be granted in accordance with a contemplated employee option plan described in Paragraph 12 below and in the Company's Prospectus dated August 26th, 1965.

1. APPLICATION

J. D. CARRIER SHOE CO. LIMITED (hereinafter called "the Company") hereby makes application for the listing on The Toronto Stock Exchange of 578,500 common shares without par value of the capital stock of the Company, of which 396,050 have been issued and are outstanding as fully paid and non-assessable. The remaining 182,450 shares included in this application are authorized but unissued common shares which have been reserved as follows:

For issue upon conversion of outstanding 6¾ % convertible debentures	66,450
For issue upon the exercise of outstanding common share warrants	96,000
For issue in the event of the exercise of options which may be granted in accordance with a contemplated employee option plan described in Paragraph 12 below and in the Company's Prospectus dated August 26th, 1965	20,000
	<u>182,450</u>

2. HISTORY

The Company was incorporated in 1944 under the laws of the Province of Ontario to acquire the business theretofor carried on by Joseph Domenic Carrier under the business name of "J. D. Carrier Shoe Co." Since incorporation it has been in continuous operation in the field of footwear manufacturing.

3.

NATURE OF BUSINESS

The Company is a footwear manufacturing company whose assets consist substantially of cash, accounts receivable, raw materials, work-in-process, and finished footwear and supplies, machinery, equipment, patterns, dies, leasehold improvements and shares of subsidiaries which participate in the conduct of the Company's manufacturing operations. The Company and its subsidiaries employ approximately 650 employees and carry on operation in six modernized plants, all of which are located in Metropolitan Toronto. Collectively, they occupy approximately 145,000 square feet of manufacturing, office and warehouse space.

4.

INCORPORATION

The Company was incorporated as a private company under the laws of the Province of Ontario by Letters Patent dated the 30th day of June, 1944, with an authorized share capital of 10,000 common shares issuable for a maximum consideration of \$10,000.00 and 300 preference shares of the par value of \$100.00 each. By Supplementary Letters Patent granted under the laws of the Province of Ontario and dated the 25th day of August, 1965, the Company became a public company and the share capital was reconstituted into 1,000,000 common shares and no preference shares.

5.

SHARES ISSUED SINCE INCORPORATION

<u>Date of Issue</u>	<u>Number of Shares Issued</u>	<u>Amount Realized per Share</u>	<u>Total Amount Realized</u>	<u>Purpose of Issue</u>
<u>1944</u>				
June 30	3 "old" Common	\$ 1.00	\$ 3.00	Incorporator's Shares
	64 "old" Common	1.00	64.00	Part of consideration for purchase of business known as "J. D. Carrier Shoe Co."
	2 "old" Preference	100.00	200.00	
<u>1946</u>				
March 12	30 "old" Preference	100.00	3,000.00	In satisfaction of a loan of \$3,000.00 by J. D. Carrier
<u>1965</u>				
March 4	2,533 "old" Common	.01	25.33	Cash Sale of Shares
March 18	200 "old" Common	157.27+	31,454.85	Purchase of all outstanding shares of Linge Machinery Co. Limited.
March 18	200 "old" Common	304.15+	60,831.31	Purchase of all outstanding shares of Doreen Shoe Co. Limited.
<u>1965</u>				
Oct. 14	50,000 Common	2.70	\$135,000.00	Primary Distribution by Cash Sale
Oct. 14/65 to Oct. 31/66	100 Common	4.00	400.00	Conversion of Debentures
Oct. 31/66 to Oct. 31/67	25,925 Common	4.00	103,700.00	Conversion of Debentures
Oct. 31/67 to Jan. 20/68	3,000 Common	3.00	9,000.00	Exercise of Warrants
	16,025 Common	4.00	64,100.00	Conversion of Debentures
	1,000 Common	3.50	3,500.00	Exercise of Warrants

6.

COMMON SHARE WARRANTS

By virtue of a common share purchase warrant indenture dated as of September 30th, 1965, and made between the Company and the Guaranty Trust Company of Canada, as Trustee, the Company has issued common share purchase warrants, each of which entitles the holder thereof to purchase at any time:

- from and after September 30th, 1965, up to and including September 30th, 1975, one common share of the Company at a price per common share payable in cash of \$3.00 up to and including September 30th, 1967;
- and thereafter at a price of \$3.50 per common share up to and including September 30th, 1969;
- and thereafter at a price of \$4.00 per common share up to and including September 30th, 1971;
- and thereafter at a price of \$4.50 per common share up to and including September 30th, 1973;
- and thereafter at a price of \$5.00 per common share up to and including September 30th, 1975.

The warrants will be void after September 30th, 1975.

All of the 100,000 common share purchase warrants have been issued for a consideration of \$5,000.00 paid in cash. 4,000 of the said warrants have been exercised as of the date hereof.

7. STOCK PROVISIONS AND VOTING POWERS

Each common share carries one vote at all meetings of the shareholders.

8. DIVIDEND RECORD

The Company paid a dividend of ten cents per outstanding common share on the 15th day of September, 1967, but it had not previously paid any dividend since it became a public company.

9. RECORD OF PROPERTIES

The Company leases manufacturing premises consisting of approximately 75,000 square feet in 5 storeys of a building at 90 Ontario Street, Toronto, Ontario, and of approximately 70,000 square feet in a building at 235 Carlaw Avenue, Toronto. The leasehold premises at 90 Ontario Street were acquired by the Company and its subsidiaries under a lease which runs to July 1st, 1971, and the leasehold premises at 235 Carlaw Avenue are held under a monthly tenancy. The Company has leasehold improvements in the two leasehold premises valued at \$82,787.00 at October 31st, 1967.

10. SUBSIDIARY COMPANIES

Linge Machinery Co. Limited

This company was incorporated as a private company under the laws of the Province of Ontario by Letters Patent issued on the 11th day of August, 1961, and it carries on the business of leasing out footwear manufacturing equipment and machinery. The authorized share capital is \$100,000.00 consisting of 10,000 common shares without par value and issuable for a maximum consideration of \$10,000.00 of which 3 such shares have been issued for a consideration of \$3.00 and 9,000 non-voting preference shares of the par value of \$10.00 each, none of which have been issued. All its outstanding shares are owned beneficially by the Company.

Doreen Shoe Co. Limited

This company was incorporated as a private company under the laws of the Province of Ontario by Letters Patent issued on the 2nd day of October, 1958, and it carries on the business of footwear manufacturing. Its authorized share capital is \$100,000.00 consisting of 10,000 common shares of no par value and issuable for a maximum consideration of \$10,000.00 of which 10 such shares have been issued for the consideration of \$10.00 and 9,000 non-voting preference shares of the par value of \$10.00 each, of which no such shares are outstanding or issued, but of which 6,000 such shares have been redeemed.

There is no other subsidiary or controlled company.

11. FUNDED DEBT

(a) Description of Issue

The Company's funded debt consists of 6¾ % convertible sinking fund debentures, Series "A", in an aggregate authorized amount of \$500,000.00 of which the principal amount of \$329,900.00 remains outstanding as of October 31st, 1967. The maturity date is the 30th day of September, 1980. The interest dates are the 25th day of March and the 30th day of September in each year. There are no arrears.

(b) Redemption

The 6¾ % convertible debentures are redeemable by the Company at its option at any time or in part, from time to time prior to maturity upon payment of the principal amount thereof, and interest to the redemption date together with a premium calculated as follows:

- 6.50% if redeemed on or before September 30th, 1967.
- 6.00% if redeemed thereafter and on or before September 30th, 1968.
- 5.50% if redeemed thereafter and on or before September 30th, 1969.
- 5.00% if redeemed thereafter and on or before September 30th, 1970.
- 4.50% if redeemed thereafter and on or before September 30th, 1971.
- 4.00% if redeemed thereafter and on or before September 30th, 1972.
- 3.50% if redeemed thereafter and on or before September 30th, 1973.
- 3.00% if redeemed thereafter and on or before September 30th, 1974.
- 2.50% if redeemed thereafter and on or before September 30th, 1975.
- 2.00% if redeemed thereafter and on or before September 30th, 1976.
- 1.50% if redeemed thereafter and on or before September 30th, 1977.
- 1.00% if redeemed thereafter and on or before September 30th, 1978.
- 0.50% if redeemed thereafter and on or before September 30th, 1979.

and no premium if redeemed thereafter.

(c) Sinking Fund

The Company is required by the terms of the Trust Indenture securing the said debentures to provide a sinking fund to retire, in accordance with the provisions of the Indenture, \$33,000.00 aggregate principal amount of the said debenture on September 30th in each of the years 1966 to 1979 inclusive.

(d) Conversion

Subject to the provisions of the said Trust Indenture, the holder of each Series "A" Debenture has the right at any time prior to the close of business on September 30th, 1980, or prior to the close of business on the fifth day immediately preceding the date specified for redemption of any Series "A" debenture, whichever is

earlier, to convert the principal amount of such Series "A" debenture into fully paid and non-assessable common shares without par value of the Company on the following basis:

On or before September 30th, 1968	....	....	....	....	\$4.00 per common share
Thereafter and on or before September 30th, 1971	....	....	....	....	\$5.00 per common share
Thereafter and on or before September 30th, 1974	....	....	....	....	\$6.00 per common share
Thereafter and on or before September 30th, 1977	....	....	....	....	\$7.00 per common share
Thereafter and up to the close of business on September 30th, 1980	....	....	....	....	\$8.00 per common share

(e) Security

The 6¾ % convertible debentures, in the opinion of Counsel are secured by:

- (i) A first, fixed and specific pledge and charge of and on all of the outstanding shares of the subsidiaries owned by the Company; and
- (ii) A floating charge on the undertaking and other property and assets of the Company in the Province of Ontario and all other Provinces of Canada in which the Company is registered as an extra-provincial company and in which it now carries on its operations, subject to the exception of the last day of the term of any lease or agreement therefor and subject to existing leases and subject to the mortgage, pledge, charge and hypothecation to the Company's bankers of any assets (other than fixed assets) of the Company given to the said bankers to secure debts or liabilities (provided the same do not constitute funded obligations) presently incurred or to be incurred in the ordinary course of business and for the purpose of carrying on or extending the same. The first, fixed and specific pledge and charge is expressed to cover after-acquired shares of subsidiaries owned by the Company and the floating charge is expressed to cover all after-acquired property and assets of the Company wherever situate.

There is no other funded debt of the Company or its subsidiaries.

12. OPTIONS, UNDERWRITINGS, ETC.

There is no outstanding option, underwriting, sale, agreement or other contract or agreement of a like nature with respect to any unissued share or any issued share of the Company, save for the following:

(a) The right of conversion attached to the Company's 6¾ % convertible debentures as particularized in Section 11, hereof;

(b) The right of exercise of the Company's common share purchase warrants as particularized in Section 6, hereof;

(c) The Company proposes to establish a plan for the granting of options to certain employees, including executives of the Company and its Subsidiaries, to purchase shares of the Company and for such purpose has reserved and set aside 20,000 treasury shares. Each option will be cumulatively exercisable over five (5) years in progressive annual instalments of 20% of the number of shares optioned, at such price as may be fixed by the Board of Directors of the Company but under no circumstances at a price less than 90% of the average price for shares on the last business day or days on which trading shall have taken place immediately preceding the day on which such option may be granted.

13. LISTING ON OTHER STOCK EXCHANGES

No security of the Company or of any of its subsidiaries is listed on any other stock exchange.

14. STATUS UNDER SECURITIES ACTS

Particulars of any filing, registration, approval or qualification with or by the Ontario Securities Commission or by any corresponding governmental body or any authority whether Canadian or foreign are as follows:

(a) The Ontario Securities Commission issued its official receipt dated the 29th day of September, 1965, acknowledging receipt of the material required under the Securities Act (Ontario) in reference to the offering of \$500,000.00 6¾ % Convertible Sinking Fund Debentures and 50,000 common shares without par value in the capital stock of the Company in units each consisting of one Series "A" Debenture of the principal amount of \$100.00 and 10 common shares;

(b) The British Columbia Securities Commission issued its official receipt dated the 1st day of October, 1965, acknowledging receipt of the material required under the Securities Act (British Columbia) in reference to the offering of the securities referred to in the preceding Paragraph (a);

(c) The Newfoundland Securities Commission issued its official consent dated the 18th day of October, 1965, acknowledging receipt of the material required under the Securities Act (Newfoundland) in reference to the offering of the securities referred to in the preceding Paragraph (a);

(d) The Quebec Securities Commission issued its official consent dated the 4th day of October, 1965, permitting trading under the Securities Act (Quebec) in the securities referred to in the preceding Paragraph (a).

15. FISCAL YEAR

The fiscal year of the Company ends on the 31st day of October in each year.

16. ANNUAL MEETINGS

The By-laws of the Company provide that the annual meeting of the Company shall be held at the Head Office of the Company or at such other place within Ontario and on such date in each year as the Board of Directors may determine from time to time. The most recent annual meeting of the Shareholders was held on the 22nd day of March, 1967.

17. HEAD AND OTHER OFFICES

The head office is located at 90 Ontario Street, Toronto, Ontario, Canada. The Company has one other office, namely a show room at Suite #815, 1117 Saint Catherine Street West, Montreal 3, Quebec.

18. TRANSFER AGENTS

The transfer agent of the Company, for its common shares and common share warrants is Guaranty Trust Company of Canada at 366 Bay Street, Toronto, Ontario, Canada, and at 427 Saint James Street West, Montreal, Quebec, Canada.

The transfer agent of the Company for its 6¾ % convertible debentures is The Canada Permanent Trust Company (formerly Eastern and Chartered Trust Company) at 1901 Yonge Street, Toronto, Ontario, Canada and at 625 Dorchester Boulevard West, Montreal 1, Quebec, Canada.

19. TRANSFER FEE

No fee is charged on stock transfers other than the customary Government stock transfer taxes.

A fee of fifty cents is charged for each new common share purchase warrant issued plus the customary governmental security transfer taxes.

A fee of fifty cents is charged for each debenture exchanged, registered, transferred or discharged from registration. In addition a fee of One Dollar is charged for each new debenture issued, plus the customary government security transfer taxes.

20. REGISTRARS

The Company's Registrar for its common shares and common share warrants is Guaranty Trust Company of Canada at 366 Bay Street, Toronto, Ontario, Canada, and at 427 Saint James Street West, Montreal, Quebec, Canada.

The Company's Registrar for its 6¾ % Convertible Debentures is The Canada Permanent Trust Company (formerly Eastern and Chartered Trust Company) at 1901 Yonge Street, Toronto, Ontario, Canada, and at 625 Dorchester Boulevard West, Montreal 1, Quebec, Canada.

21. AUDITORS

The Company's auditors are E. M. Sprackman & Company, Chartered Accountants, 500 King Street West, Suite #202, Toronto 2B, Ontario, Canada.

22. OFFICERS AND DIRECTORS

Occupation During Past 5 Years		
Joseph Domenic Carrier	President & Director	President of the Company
Anthony Joseph Carrier	Secretary-Treasurer & Director	Employee & Secretary-Treasurer of the Company
John Alexander Caesar	Director	Employee of the Company
Joseph Cinanni	Vice-President & Director	Employee & Vice-President of the Company
Ernest Joseph De Guilio	Vice-President & Director	Employee & Vice-President of the Company
Nathan Louis Sandler	Director	Investment Dealer
Monte Cecil Beder	Director	Investment Dealer

23. CERTIFICATE

Pursuant to a Resolution duly passed by its Board of Directors, J. D. Carrier Shoe Co. Limited applies for listing of the above mentioned securities on The Toronto Stock Exchange, and the undersigned officers thereof hereby certify that the statements and representations made in this Application and in the documents submitted in support thereof are true and correct.

J. D. CARRIER SHOE CO. LIMITED



Per: "JOSEPH D. CARRIER",
President.

Per: "ANTHONY J. CARRIER",
Secretary-Treasurer.

DISTRIBUTION OF COMMON STOCK AS OF JANUARY 19, 1968

Number							Shares
98	Holder	of	1	—	24	share lots	1,453
193	"	"	25	—	99	" "	8,970
264	"	"	100	—	199	" "	28,275
82	"	"	200	—	299	" "	16,830
40	"	"	300	—	399	" "	12,295
12	"	"	400	—	499	" "	5,065
33	"	"	500	—	999	" "	19,000
16	"	"	1000	—	up	" "	304,162
<u>738 Shareholders</u>							<u>Total shares 396,050</u>

FINANCIAL STATEMENTS

J. D. CARRIER SHOE CO. LIMITED
AND ITS WHOLLY OWNED SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEET
AS AT OCTOBER 31, 1967
WITH COMPARATIVE FIGURES FOR 1966

ASSETS		1967	1966
<u>Current</u>			
Cash on Hand		\$ 900.	\$ 300.
Accounts Receivable (after allowance for doubtful accounts of \$17,077.—1967; \$13,709.—1966)		1,039,326.	782,190.
Inventory of Raw Materials, Work-in-Process and Finished Shoes and Supplies (at the lower of cost or replacement cost)		999,251.	673,323.
Cash surrender value of Life Insurance		22,821.	20,348.
Marketable Securities, at cost			
(Market Value \$55,457.—1967; \$79,750.—1966)		66,678.	92,994.
Prepaid Expenses and Sundry Assets		29,013.	25,397.
		<u>\$2,157,989.</u>	<u>\$1,594,552.</u>
Investments, at cost		3,950.	3,950.
		<u></u>	<u></u>
<u>Fixed Assets</u> , at cost and appraisal values, consisting of Machinery, lasts, patterns and dies, office furniture and equipment, less accumulated depreciation of \$882,283. (\$628,089.—1966) (Note 1)		\$1,052,532.	\$1,031,636.
Leasehold Improvements and Motor Vehicles at cost, less accumulated depreciation of \$82,787. (\$72,400.—1966)		36,339.	41,525.
		<u>\$1,088,871.</u>	<u>\$1,073,161.</u>
<u>Other</u>			
Special refundable Corporation Income Tax		\$ 2,381.	—
Discount on Debentures, at amortized cost (Note 2)		16,469.	25,807.
Re-organization Expenses, at amortized cost (Note 3)		11,849.	15,904.
Established Expenses, at amortized cost (Note 4)		25,663.	32,358.
		<u>56,362.</u>	<u>74,069.</u>
		<u>\$3,307,172.</u>	<u>\$2,745,732.</u>
LIABILITIES AND SHAREHOLDERS' EQUITY			
<u>Current Liabilities</u>			
Bank Indebtness (Secured)		\$ 655,320.	\$ 477,493.
Accounts Payable and Accrued Charges		824,478.	493,984.
Current Portion — Sinking Fund Debenture		—	33,000.
		<u>\$1,479,798.</u>	<u>\$1,004,477.</u>
<u>Long-Term Liability</u>			
6¾ % Convertible Sinking Fund Debentures, Series A, due September 30, 1980 (Note 5)		\$ 329,900.	\$ 463,600.
Less: Current Portion due within One year		—	33,000.
		<u>329,900.</u>	<u>430,600.</u>
Total Liabilities		<u>\$1,809,698.</u>	<u>\$1,435,077.</u>
<u>Shareholders' Equity</u>			
<u>Capital Stock (Note 6)</u>			
<u>Authorized:</u>			
1,000,000 Common Shares of no par value, maximum value not to exceed		<u>\$1,000,000.</u>	<u>\$1,000,000.</u>
<u>Issued and Fully Paid:</u>			
379,025 Common Shares, of no par value (350,100 shares — 1966)		\$ 248,205.	\$ 135,505.
Contributed Surplus (Note 7)		5,000.	5,000.
Retained Earnings		774,188.	582,548.
Excess of Appraisal Value of Fixed Assets over depreciated cost (Note 1)		470,081.	587,602.
		<u>1,497,474.</u>	<u>1,310,655.</u>
		<u>\$3,307,172.</u>	<u>\$2,745,732.</u>

Approved on Behalf of the Board:

"JOSEPH D. CARRIER",
Director.

"ANTHONY J. CARRIER",
Director.

(Subject to our report dated January 11, 1968)

J. D. CARRIER SHOE CO. LIMITED
AND ITS WHOLLY OWNED SUBSIDIARY COMPANIES
STATEMENT OF CONSOLIDATED RETAINED EARNINGS
FOR THE YEAR ENDED OCTOBER 31, 1967
WITH COMPARATIVE FIGURES FOR 1966

	<u>1967</u>	<u>1966</u>
Opening Balance, November 1	\$582,548.	\$403,962.
Add: Net Profit for the Year	227,415.	178,586.
	<u>\$809,963.</u>	<u>\$582,548.</u>
Less: Dividends Paid	35,775.	—
Balance, October 31, 1967	<u>\$774,188.</u>	<u>\$582,548.</u>

STATEMENT OF CONSOLIDATED EARNINGS
FOR THE YEAR ENDED OCTOBER 31, 1967
WITH COMPARATIVE FIGURES FOR 1966

Sales	\$6,175,417.	\$5,424,771.
Cost of Goods Manufactured, Selling and Administrative Expenses	<u>5,613,330.</u>	<u>5,075,140.</u>
Earnings before Depreciation, Interest on Long-Term Debt and Taxes on Income	562,087.	349,631.
Depreciation	153,611.	129,522.
Interest on Long-Term Debt	<u>28,931.</u>	<u>35,231.</u>
	182,542.	164,753.
Earnings before Taxes on Income	379,545.	184,878.
Taxes on Income	<u>152,130.</u>	<u>6,292.</u>
Net Earnings	<u>\$ 227,415.</u>	<u>\$ 178,586.</u>

Notes:

- (1) The income taxes payable in respect of the period have been reduced by approximately \$51,900. resulting from the following:
 - (a) Claiming for tax purposes the maximum depreciation of machinery and equipment and lasts, patterns and dies allowed. For tax purposes, the costs of lasts, patterns and dies are written off against operations in the period incurred, whereas the records of the company reflect the depreciation of lasts, patterns and dies over the useful life of the applicable assets.
 - (b) For tax purposes additional reorganization expenses and the establishment expenses have been written-off in the period incurred, whereas, the records of the Company reflect the amortization of these expenses over a five year period.
- (2) The total deduction to date amounts to approximately \$185,540.00.

(Subject to our report dated January 11, 1968)

J. D. CARRIER SHOE CO. LIMITED
AND ITS WHOLLY OWNED SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED OCTOBER 31, 1967

Source of Funds

From Operations

Net Income	\$227,415.
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Add: Funds made available through the issue of capital stock \$ 9,000.

Items not requiring current Outlay:

Depreciation	....	....	....	....	....	147,060.
Amortization of Establishment expenses	....	....	....	....	....	6,695.
Amortization of Debenture Discount	....	....	....	....	....	9,338.
Amortization of Organization Expenses	....	....	....	....	....	4,055.
Current portion of sinking fund debenture not required	....	....	....	....	....	3,000.

179,148.

\$406,563.

Use of Funds

Increase in Working Capital	....	....	....	....	....	\$ 88,116.
Net Additions to Fixed Assets	....	....	....	....	....	280,291.
Dividend Paid	....	....	....	....	....	35,775.
Special Refundable Corporation Income Tax	....	....	....	....	....	2,381.

\$406,563.

(Subject to our report dated January 11, 1968)

AUDITORS' REPORT

To the Shareholders of
J. D. Carrier Shoe Co. Limited
90 Ontario Street
Toronto, Ontario

Gentlemen:

We have examined the Consolidated Balance Sheet of J. D. Carrier Shoe Co. Limited and its wholly owned Subsidiary Companies as at October 31, 1967 and the Statements of Consolidated Retained Earnings, Consolidated Earnings and the Consolidated Statement of Source and Application of Funds for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, subject to the accompanying notes which form an integral part of these financial statements, the accompanying Consolidated Balance Sheet and the Statements of Consolidated Retained Earnings, Consolidated Earnings and the Consolidated Statement of Source and Application of Funds present fairly the financial position of the Company as at October 31, 1967 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Respectfully submitted,

E. M. SPRACKMAN AND COMPANY,
Chartered Accountants.

J. D. CARRIER SHOE CO. LIMITED
AND ITS WHOLLY OWNED SUBSIDIARY COMPANIES
NOTES TO FINANCIAL STATEMENTS
AS AT OCTOBER 31, 1967

NOTE 1

The plant, machinery and equipment have been valued at replacement cost new, less depreciation based on an appraisal made by the Dominion Appraisal Co. Limited as of April 29, 1965, referred to in their report of June 14, 1965. The surplus thus created is shown separately.

NOTE 2

This represents the balance of the discount on the issue of the 6¾ % Convertible Sinking Fund Series A Debentures. The Company has been amortizing the discount over the life of the debentures.

NOTE 3

This represents the balance of the legal, accounting and printing costs pertaining to the conversion of the Company to a public company and the issuance of the 50,000 common shares and the \$500,000.00 Series A Debentures. The Company intends to amortize this balance over the next three years.

NOTE 4

This represents the balance of the costs incurred in establishing a new division to manufacture plastisol-moulded footwear. The Company intends to amortize this balance over the next three years.

NOTE 5

The 6¾ % Convertible Sinking Fund Debentures, Series A which mature on September 30, 1980, are subject to the provisions of a trust indenture dated as of September 30, 1965, which provides among other things, that the Debentures are:

- (a) secured by a first fixed and specific pledge and charge on all of the outstanding shares of Subsidiaries owned by the Company and a floating charge on the undertaking and the property and assets of the Company;
- (b) redeemable under certain conditions from time to time at a premium varying from 6½ % to nil;
- (c) convertible under certain conditions at the holder's option from time to time at bases varying from 25 shares for each \$100 aggregate principal amount of Debenture to 12½ shares for each \$100 aggregate principal amount of Debentures exercisable to September 30, 1980. There are 82,475 common shares without par value reserved for the conversion;
- (d) to be retired out of the proceeds of the sinking fund to which the Company covenants to contribute \$33,000 on September 30 in each of the years 1966 to 1979 inclusive. In view of the fact that \$103,700.00 of debentures was converted, the Company has made no provision for depositing the \$33,000.00 for the ensuing year in accordance with the terms of the Trust Indenture dated September 30, 1965 (see Note 6).

NOTE 6

During the Period:

- (1) Debentures in the amount of \$103,700.00 were converted into 25,925 common shares in accordance with the provision of the Trust Indenture dated September 30, 1965.
- (2) 3,000 Common Share purchase Warrants were converted into Common Shares for a consideration of \$9,000.00.

NOTE 7

Twenty Thousand common shares have been reserved for the exercise of options which may be granted by the Company to certain employees, including executives of the Company and its Subsidiaries. Each option will be cumulatively exercisable over five years in progressive annual instalments of 20% of the number of shares optioned at such prices as may be fixed by the Board of Directors of the Company.

Ninety Seven Thousand (97,000) common shares are reserved for the exercise of Common Share Purchase Warrants. Such Warrants will entitle the bearers thereof to purchase Common Shares at \$3 per share if exercised on or before September 30, 1967, such price increasing thereafter by 50¢ per share for each two years commenced or lapsed after September 30, 1967 to the date of exercise. Such Warrants will expire on the close of business on September 30, 1975.

J. D. CARRIER SHOE CO. LIMITED
AND ITS WHOLLY OWNED SUBSIDIARY COMPANIES
STATEMENT OF CONSOLIDATED EARNINGS
FOR THE FIVE YEARS ENDED OCTOBER 31, 1967

	1963	1964	1965	1966	1967
Sales	\$3,829,255.	\$3,895,424.	\$3,891,648.	\$5,424,771.	\$6,175,417.
Cost of Goods Manufactured, Selling and Administrative Expenses	3,720,178.	3,741,549.	3,665,541.	5,075,140.	5,609,825.
Earnings before Depreciation, Interest on Long-Term Debt, Other Deductions, Other Income and taxes on Income	\$ 109,077.	\$ 153,875.	\$ 226,107.	\$ 349,631.	\$ 565,592.
Other Deductions					
Interest on Long-Term Debt	\$ 2,293.	\$ 1,684.	\$ 6,186.	\$ 35,231.	\$ 28,931.
Depreciation	41,520.	50,015.	82,287.	129,522.	153,611.
Loss on Sale of Securities		11,147.			3,505.
Goodwill and Incorporation Expense Written-Off					
	43,813.	62,846.	97,456.	164,753.	186,047.
Other Income					
Interest and Dividends	65,264.	91,029.	128,651.	184,878.	379,545.
Gain on Sale of Securities			4,614.		
Earnings before Taxes on Income	\$ 65,264.	91,029.	133,265.	184,878.	379,545.
Taxes on Income	26,872.	30,110.	7,095.	6,292.	152,130.
Net Earnings	\$ 38,392.	\$ 60,919.	\$ 126,170.	\$ 178,586.	\$ 227,415.

AUDITORS' REPORT

To the Directors of
J. D. Carrier Shoe Co. Limited

We have examined the Statement of Combined Earnings of J. D. Carrier Shoe Co. Limited, Doreen Shoe Co. Limited and Linge Machinery Co. Limited for the five years ending October 31, 1967. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying Statement of Combined Earnings, when read in conjunction with the footnotes thereto, presents fairly the combined earnings of the Companies for the five years in accordance with generally accepted accounting principles applied in all material respects on a consistent basis throughout the period.

Toronto, Canada,
January 12, 1968.

E. M. SPRACKMAN AND COMPANY,
Chartered Accountants.

NOTES:

1. The combined earnings of the companies have been included as follows:
 - (a) Earnings of J. D. Carrier Shoe Co. Limited for the fiscal years ended December 31, 1963 to December 31, 1964 inclusive and for the Ten months ended October 31, 1965, then for the full years ended October 31, 1966 and 1967;
 - (b) Earnings of Doreen Shoe Co. Limited for the fiscal years ended October 31, 1963 to October 31, 1967 inclusive;
 - (c) Earnings of Linge Machinery Co. Limited for the fiscal years ended August 31, 1963 to August 31, 1964 inclusive and for the Fourteen months ended October 31, 1965, then for the full years ended October 31, 1966 and 1967;
 - (d) In the year 1965 permission was granted by the Department of National Revenue to change the year ends of Linge Machinery Co. Limited and J. D. Carrier Shoe Co. Limited to October 31;
 - (e) Inter-company transactions have been eliminated.

